

THE TORONTO STOCK EXCHANGE

31/10/68

FILING STATEMENT NO. 1658,
FILED, NOVEMBER 5th, 1968.

DONLEE MANUFACTURING INDUSTRIES LIMITED

Full corporate name of Company

Letters Patent of Amalgamation dated April 1, 1966. (Ontario)

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

| | | | |
|--|---|-------------------------------------|---|
| 1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed. | <p>The sale by three principal shareholders of the Company of 16,200 shares.</p> <p>The transfer by three principal shareholders of the Company of 12,900 shares to three employees of the Company.</p> <p>Reference is made to Schedule "A" on page 3.</p> <p>The granting of stock options to full-time employees of the Company.</p> <p>The said sale of 16,200 shares through the facilities of the Toronto Stock Exchange and the said transfer of 12,900 shares will be made pursuant to rulings by the Ontario Securities Commission that the sale and transfer of such shares shall be deemed not to be primary distribution to the public. After giving effect to the aforesaid sales and transfers, A. S. Donovan will own 48,460 shares, J. C. Donovan will own 46,535 shares, Doris Lee will own 12,187 shares and J. S. Lee will own 45,113 shares in the capital stock of the Company.</p> <p>During the period of the offering the offerors may make bids or purchases for the purpose of stabilising the open market price of the shares as permitted by Ruling No. 81 of the Exchange and will comply with by-laws, rulings and regulations of the Exchange pertaining to orderly marketing of the shares.</p> | | |
| 2. Head office address and any other office address. | 137 Wendell Avenue, Weston, Ontario. | | |
| 3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors. | Name and Address | Office | Principal Occupation |
| | A. S. DONOVAN, 5 Winsland Drive, Islington, Ontario. | President and Director | 1962-65 General Manager, Paramount Gear, Division of Turnbull Elevator Ltd., 1965-68 President, General Gear Limited, 1966-68 President, General Deep Hole Boring & Turning Limited. |
| | J. S. LEE, 3653 Beechollow Crescent, Mississauga, Ontario. | First Vice-President and Director | 1962-68 President, Paramount Gasket Co. Limited. |
| | J. C. DONOVAN, 46 Forest Manor Road, Suite 12, Willowdale, Ontario. | Second Vice-President and Director. | 1962-65 Production Manager, Paramount Gear, Division of Turnbull Elevator Ltd. 1965-66 Assistant to President of The Nuday Co. 1966-68 Vice-President, General Deep Hole Boring & Turning Limited. |
| | P. L. MURRAY, 3521 Pinesmoke Crescent, Mississauga, Ontario. | Secretary-Treasurer and Director | 1962-65 Controller, Hamilton Gear and Machine Co. Division of Turnbull Elevator Ltd. 1965-68 Secretary-Treasurer and Director, General Gear Limited, 1966-68 Treasurer, General Deep Hole Boring & Turning Limited. |
| | R. J. DONOVAN, 123 St. Lucie Drive, Weston, Ontario. | Director | 1962-65 Manager of Engineering, Paramount Gear, Division of Turnbull Elevator Ltd., 1965-68 Manager of Engineering, General Gear Limited. |
| | R. H. BURNS, 8 Penworth Drive, Scarborough, Ontario. | Director | 1962-64 Sales Manager, Paramount Gear, Division of Turnbull Elevator Ltd., 1965-68 Director and Sales Manager of General Gear Limited. |
| | G. C. STEWART, 3 Woodmere Court, Islington, Ontario. | Director | Vice-President, Royal Securities Corporation Limited Toronto, Ontario. |

| | | | |
|--|--|--|----------------------------------|
| 4. Share capitalization showing authorized and issued and outstanding capital. | The authorised capital of the Company is 600,000 common shares without par value of which 350,000 are issued and outstanding as fully paid and non-assessable. | | |
| 5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding. | <p>The Company has issued 6% Serial Debentures maturing May 15, 1971, which are held by the Adjustment Assistance Board of the Federal Government. The principal amount outstanding at September 30, 1968, was \$112,000.00 and the Debentures are repayable in monthly instalments of \$3,500.00, plus interest. The payment of the principal and interest is secured by a First Chattel Mortgage on all plant, machinery and equipment now owned or hereafter acquired, a Mortgage of Leasehold Properties, Assignment of Benefits under an Insurance Policy on the life of a shareholder and a Floating Charge against the assets of the Company.</p> <p>The Company has issued a 6% Promissory Note for \$130,000.00 (U.S.) as part of the purchase price for all the outstanding shares of The Nuday Co. which Note is payable by principal payments of \$28,000.00 (U.S.) on January 2, 1969, plus \$3,500.00 (U.S.) monthly from February 1, 1969, until maturity on April 1, 1971, plus interest payable monthly on the outstanding balance commencing May 1, 1968. The Note becomes due and payable in certain events, including the failure of The Nuday Co. to maintain its current assets equal to its current liabilities as at the end of any calendar month. This Note is collaterally secured by a pledge of the shares of The Nuday Co.</p> <p>The Company has given a Mortgage to Fenway Properties Limited for \$200,000.00 with interest at 9½% per annum as part of the consideration for the purchase price for approximately 5.71 acres of land and a building located in the Borough of North York, in the County of York, under an Agreement of Purchase and Sale dated September 4, 1968. The Mortgage is repayable by a principal payment of \$100,000.00 on December 4, 1968, and the balance of the principal becomes due on October 4, 1970, plus interest on the outstanding balance payable on December 4, 1968, and on October 4, 1969, and on October 4, 1970. Upon payment of the principal payment of \$100,000.00 due on December 4, 1968, the Company is entitled to a Partial Discharge of this Mortgage with respect to approximately 1.25 acres of the said property being that part on which the building is situated.</p> | | |
| 6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement. | The Board of Directors had previously undertaken to certain employees of the Company that they would be granted stock options at the original offering price to the public, namely \$9.50 per share. Such options have now been granted and cover an aggregate number of 9,010 shares exercisable on various dates, the last of which is June 6, 1973. | | |
| 7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof. | <u>Employee</u> | <u>Address</u> | <u>Number of Shares Optioned</u> |
| | R. Syme | 94 Rockview Gardens, Concord, Ontario. | 200 |
| | F. Delakis | 1011 Glencairn Ave., Toronto, Ontario. | 700 |
| | L. Perryman | R/R No. 1 Unionville, Ontario. | 680 |
| | D. Allen | 82 James Street, Toronto 14, Ontario. | 780 |
| | G. Taylor | 3401 Finch Ave., West, Weston, Ontario. | 390 |
| | R. White | 2 Dorado Court, Downsview, Ontario. | 490 |
| | J. Mazzoli | 40 Boon Ave., Toronto, Ontario. | 420 |
| | T. Canale | 129 Jay Street, Downsview, Ontario. | 150 |
| | P. Smith | 65 Dalraith Cres. Bramalea, Ontario. | 300 |
| | P. Krimling | 108 Wiley Ave., Toronto 6, Ontario. | 150 |
| | C. Canale | 127 Jay Street, Downsview, Ontario. | 150 |
| | J. Casey | 128 Treview Drive, Toronto 14, Ontario. | 150 |
| | D. Fordon | 2768 Hillendale Rd., Rochester, Mich. U.S.A. | 800 |
| | E. Longo | 15 Tinton Crescent, Rexdale, Ontario. | 350 |
| | O. Tedesco | 64 Goldsboro Road, Weston, Ontario. | 350 |
| | E. R. Banaseo | 29 Battersea Crescent, Toronto, Ontario. | 150 |
| | H. Lounsbury | 568 Trudale Court, Oakville, Ontario. | 200 |
| | J. Ambridge | 60 Ellesmere Road, Scarborough, Ontario. | 600 |
| | R. Terry | 24 Araman Drive, Agincourt, Ontario. | 600 |
| | R. W. Smith | 27 Earlington Road, Agincourt, Ontario. | 600 |
| | R. Kaukula | 70 Regal Road, Toronto, Ontario. | 600 |
| | F. Ineson | 17 Bayliss Avenue, Toronto, Ontario. | 200 |
| | | | 9010 |

SCHEDULE "A"

On October 10, 1968, the Ontario Securities Commission issued an order permitting the following persons, who are principal shareholders of the Company, to sell certain of their shares as follows:

| <u>Shareholder</u> | <u>Number of Shares to be Sold</u> |
|--------------------|--|
| A. S. Donovan | 5,700 |
| J. C. Donovan | 5,500 |
| Doris Lee | 5,000 |

On October 24, 1968, the Ontario Securities Commission issued an order permitting the following persons who are principal shareholders of the Company to transfer certain of their shares to three employees of the Company as follows:

| <u>Transferor</u> | <u>Transferee</u> | <u>Number of Shares</u> |
|-------------------|-------------------|-------------------------|
| A. S. Donovan | C. H. Craig | 1,500 |
| A. S. Donovan | C. Shimizu | 1,500 |
| A. S. Donovan | R. Syme | 225 |
| J. C. Donovan | C. H. Craig | 1,500 |
| J. C. Donovan | C. Shimizu | 1,500 |
| J. C. Donovan | R. Syme | 225 |
| J. S. Lee | C. H. Craig | 3,000 |
| J. S. Lee | C. Shimizu | 3,000 |
| J. S. Lee | R. Syme | 450 |

FINANCIAL STATEMENTS

DONLEE MANUFACTURING INDUSTRIES LIMITED

Consolidated Balance Sheet
as of September 30, 1968.

ASSETS

CURRENT ASSETS

| | |
|------------------------------|------------------|
| Cash | |
| Accounts Receivable - trade | \$ 1,339,380 |
| Accounts receivable - sundry | 60,085 |
| Short term notes | 54,703 |
| Inventory | 1,207,288 |
| Estimated unbilled earnings | 54,000 |
| Prepaid expense & deposits | 33,605 |
| Advance to shareholders | 7,730 |
| | <u>2,756,791</u> |

Deferred Financing Charges 52,618

FIXED ASSETS at cost

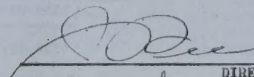
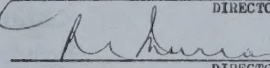
| | |
|------------------------|------------------|
| Land | 20,000 |
| Machinery & equipment | 1,410,045 |
| Furniture & fixtures | 42,944 |
| Automotive equipment | 20,984 |
| Leasehold improvements | 70,718 |
| | <u>1,564,691</u> |

Less accumulated depreciation 416,666
1,148,025

Excess of cost over book value of shares
of subsidiary at time of acquisition

13,007
\$ 3,970,441

Approved on behalf of the Board


DIRECTOR

DIRECTOR

LIABILITIES

CURRENT LIABILITIES

| | |
|--|------------------|
| Bank overdraft | \$ 138,789 |
| Bank loan | 650,000 |
| Accounts payable | 573,583 |
| Accrued liabilities | 99,390 |
| Customer advances | - |
| Employee deductions | 48,850 |
| Current portion of long term liabilities | 98,000 |
| Current tax payable | (476) |
| Income tax payable | 96,791 |
| | <u>1,704,927</u> |

LONG TERM LIABILITY

| | |
|-----------------------------|----------------|
| Adjustment Assistance Board | 112,000 |
| Promissory note - re Nuday | <u>141,253</u> |
| | 253,253 |
| | <u>98,000</u> |
| | 155,253 |

Less principal instalments due with 1 yr.

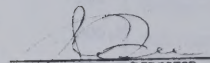
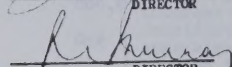
SHAREHOLDER'S EQUITY

CAPITAL STOCK

| | |
|------------------------------|-----------|
| Authorized | |
| 600,000 common shares n.p.v. | |
| Issued | |
| 350,000 common shares | 1,056,431 |

RETAINED EARNINGS

| | |
|----------------------------|---------------------|
| Balance January 1, 1968 | 738,094 |
| Results for period | <u>315,736</u> |
| | 1,053,830 |
| Balance September 30, 1968 | <u>2,110,261</u> |
| | <u>\$ 3,970,441</u> |


DIRECTOR

DIRECTOR

DONLEE MANUFACTURING INDUSTRIES LIMITED and SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF INCOME NINE MONTHS ENDED SEPTEMBER 30, 1968.

| | |
|----------------------------------|-------------------|
| Sales | \$ 5,877,094 |
| Cost of Sales | <u>4,836,268</u> |
| Gross Profit | 1,040,826 |
| Selling & Administration expense | <u>420,366</u> |
| Net Income before tax | 620,460 |
| Income taxes | <u>304,697</u> |
| Net Income for the period | <u>\$ 315,763</u> |

DONLEE MANUFACTURING INDUSTRIES LIMITED and SUBSIDIARY COMPANY

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for Nine Months Ended September 30, 1968.

SOURCE OF FUNDS

| | | |
|--|---------------------|---------|
| Operations | | |
| Net Income for the period | \$ 315,736 | |
| Depreciation | <u>124,023</u> | 439,759 |
| Working Capital - Nuday Co. | | 162,822 |
| Issue of Common shares | 656,250 | |
| Less Expenses | <u>52,618</u> | 603,632 |
| Issue of Common shares of amalgamating companies | | 200,018 |
| Repayment of demand note and advances by Chemokan Enterprises Ltd. | <u>175,163</u> | |
| | <u>\$ 1,581,394</u> | |

APPLICATION OF FUNDS

| | | |
|--|---------------|--------------------|
| Additions to fixed assets | | 463,646 |
| Cost of shares The Nuday Co. | 197,302 | |
| Less payments falling due subsequent to September 30, 1969 included in long term debt. | <u>85,253</u> | 112,049 |
| Decrease in other long term debt | | 80,376 |
| Redemption of preference shares of amalgamating company | | <u>200,000</u> |
| | | <u>858,071</u> |
| Increase in Working Capital | | 723,323 |
| Working Capital at beginning of period | | <u>328,541</u> |
| Working Capital at end of period | | <u>\$1,051,864</u> |

| | | | | | | | | | | | | | | | | |
|--|---|--|--------------|----------------|---|-------------------|-----------|---|--------|-----|---|--------|-----|--|--------|-----|
| 8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition. | None. | | | | | | | | | | | | | | | |
| 9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any. | The Company will continue its business of manufacturing and distributing automotive trim and accessories, precision industrial products, components for nuclear reactors and service and maintenance tools for farm implement machinery. | | | | | | | | | | | | | | | |
| 10. Brief statement of company's chief development work during past year. | Not applicable. | | | | | | | | | | | | | | | |
| 11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid. | Not applicable. | | | | | | | | | | | | | | | |
| 12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company. | Not applicable. | | | | | | | | | | | | | | | |
| 13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement. | Not applicable. | | | | | | | | | | | | | | | |
| 14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.) | Not applicable. | | | | | | | | | | | | | | | |
| 15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state. | <table><tr><td>A. S. Donovan, 5 Winsland Drive, Islington, Ontario.</td><td>57,385</td><td>(1)</td></tr><tr><td>J. C. Donovan, 46 Forest Manor Road, Suite 12, Willowdale, Ontario.</td><td>55,260</td><td>(1)</td></tr><tr><td>J. S. Lee, 3653 Beechollow Crescent, Mississauga, Ontario</td><td>51,563</td><td>(1)</td></tr><tr><td>Doris Lee, 3653 Beechollow Crescent, Mississauga, Ontario</td><td>17,187</td><td>(1)</td></tr><tr><td>Bansco & Co., 44 King Street West, Toronto, Ontario.</td><td>15,400</td><td>(2)</td></tr></table> <p>(1) Beneficially owned. (2) Beneficial ownership unknown.</p> | A. S. Donovan, 5 Winsland Drive, Islington, Ontario. | 57,385 | (1) | J. C. Donovan, 46 Forest Manor Road, Suite 12, Willowdale, Ontario. | 55,260 | (1) | J. S. Lee, 3653 Beechollow Crescent, Mississauga, Ontario | 51,563 | (1) | Doris Lee, 3653 Beechollow Crescent, Mississauga, Ontario | 17,187 | (1) | Bansco & Co., 44 King Street West, Toronto, Ontario. | 15,400 | (2) |
| A. S. Donovan, 5 Winsland Drive, Islington, Ontario. | 57,385 | (1) | | | | | | | | | | | | | | |
| J. C. Donovan, 46 Forest Manor Road, Suite 12, Willowdale, Ontario. | 55,260 | (1) | | | | | | | | | | | | | | |
| J. S. Lee, 3653 Beechollow Crescent, Mississauga, Ontario | 51,563 | (1) | | | | | | | | | | | | | | |
| Doris Lee, 3653 Beechollow Crescent, Mississauga, Ontario | 17,187 | (1) | | | | | | | | | | | | | | |
| Bansco & Co., 44 King Street West, Toronto, Ontario. | 15,400 | (2) | | | | | | | | | | | | | | |
| 16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company. | Messrs. A. S. Donovan, J. C. Donovan and J. S. Lee, Directors of the Company, and Mrs. J. S. Lee, wife of the said J. S. Lee, may be considered to be in a position to effect materially control of the Company. | | | | | | | | | | | | | | | |
| 17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value. | <table><tr><td><u>Security:</u></td><td><u>Cost:</u></td><td><u>Market:</u></td></tr><tr><td>5000 \$10.00 par value common shares The Nuday Co.</td><td>\$180,000. (U.S.)</td><td>No market</td></tr></table> | <u>Security:</u> | <u>Cost:</u> | <u>Market:</u> | 5000 \$10.00 par value common shares The Nuday Co. | \$180,000. (U.S.) | No market | | | | | | | | | |
| <u>Security:</u> | <u>Cost:</u> | <u>Market:</u> | | | | | | | | | | | | | | |
| 5000 \$10.00 par value common shares The Nuday Co. | \$180,000. (U.S.) | No market | | | | | | | | | | | | | | |
| 18. Brief statement of any lawsuits pending or in process against company or its properties. | None. | | | | | | | | | | | | | | | |
| 19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing. | By Agreement dated March 27, 1968, the Company retained John Sullivan as a Consultant to its subsidiary, The Nuday Co. for a term of two years at remuneration of \$15,000.00 (U.S.) for the first year and \$12,500.00 (U.S.) for the second year. | | | | | | | | | | | | | | | |
| 20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public. | There are no shares of the Company which are in the course of primary distribution to the public with the exception of the 16,200 shares in respect of which this Filing Statement is filed. This Filing Statement is not to be construed as a prospectus or as a report by or on behalf of the Company or any signatory thereto or any person for the purpose of inducing any person to purchase shares of the Company or to constitute an offer or solicitation for purchase in respect of any such shares. The signatories to this Filing Statement consider that there are no other material facts in respect of the matters referred to in item 1 hereof or in respect of the Company's affairs not disclosed by this Filing Statement and other information filed herewith. | | | | | | | | | | | | | | | |

DATED October 30, 1968
CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

DONLEE MANUFACTURING INDUSTRIES LIMITED
 "J. S. Lee" By: [Signature] CORPORATE SEAL
 "P. L. Murray" By: [Signature]
CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

